



SMARTEN POWER SYSTEMS LIMITED

POLICY ON TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

(Adopted by Board of Directors in its meeting held on 12/12/2024. Effective from 12/12/2024.)

SMARTEN POWER SYSTEMS LIMITED

CIN: U31401HR2014PLC052897

Registered Office:

374, 1st Floor Pace City-2, Sector-37,
Gurgaon, Haryana, India, 122001



Policy on the Terms and Conditions of Appointment of Independent Directors

The terms and conditions of appointment of Independent Directors of Smarten Power Systems Limited, “**the Company**” shall be in accordance with the requirements as per the Schedule IV of the Companies Act, 2013 (hereinafter referred to as “**the Act**”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**Listing Regulations**”).

Term:

The Company shall appoint Independent Director of the Company for a first term of 5 (five) consecutive years by the members at General Meeting as per Section 150(2) of the Act. The term of the Independent Director shall be for a term upto five consecutive years in the Board of Directors of the Company (“**Board**”). However, the Independent Director shall be eligible for reappointment on passing a special resolution by the Company and such appointment shall be disclosed in the board’s report. The Company may remove Independent Directors prior to completion of the Term subject to compliance of relevant provisions of the Companies Act 2013 and Articles of Association of the Company.

OTHER TERMS AND CONDITIONS:

1. Committees:

- 1.1 During the Appointment, the Independent Director may be required to serve on one or more of the committees of the Board including Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility and Risk Management Committee, Stakeholders Relationship Committee or such other Committees, as the Board may decide.
- 1.2 The Independent Director is an independent non-executive director and will be identified as such in the annual report and other documentation of the Company. If circumstances change, and he/she believes that his/her independence will be in doubt, Independent Director should discuss the same with the Chairman of the Company as soon as practicable.

2. Duties and Liabilities:

- 2.1 The Independent Director will perform his/her fiduciary duties in a responsible manner and his/her general legal responsibilities to the Company will be at par with a non-executive director.
- 2.2 The Independent Director shall act in accordance with the Articles of Association of the Company and while discharging his/her duties, comply with the requirements of Section 166 and Schedule IV to the Companies Act, 2013 (“**the Act**”).
- 2.3 The Independent Director to be held liable only in respect of such acts of omission or commission by the Company which have occurred with his/her knowledge, attributable through Board processes, and with his/her consent or where Independent Director has not acted diligently.



Roles and Responsibilities

As an Independent Director, he/she shall:

1. provide professional expertise for informed and balanced decision-making whilst upholding ethical standards of integrity and probity and assist the Company in implementing the best corporate governance practices.
2. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
3. safeguard the interests of all stakeholders, particularly the minority shareholders
4. balance the conflicting interest of the stakeholders.

3. Code for Independent Directors:

- 3.1 The Company has relied on the declaration of the Independent Director that he / she meets the criteria of independence as provided in Section 149(6) of the Act as also in the Listing Regulations.
- 3.2 The Independent Director will be required to abide by the guidelines as to professional conduct for independent directors as set out in Section 149(8) read with Schedule IV to the Act.
- 3.3 The Independent Director will be required to comply with applicable provisions of any code of conduct framed by the Board for all Board members and Senior Management of the Company under the Listing Regulations.

4. Restrictions:

- 4.1 During the term of Appointment, the Independent Directors are expected not to take up directorship in any company (whether in India or abroad) engaged in the same or similar businesses as that of the Company or in a company, business or undertaking which competes or is likely to compete with the Company or which could otherwise potentially give rise to a conflict with his/her duties with the Company. In the event that the Independent Director becomes aware of any potential conflicts of interest, or in case of doubt, he / she should consult the Chairman of the Company as soon as practicable.
- 4.2 During the term of appointment, Independent Director shall not indulge in forward dealings in securities of the Company which is prohibited under the Act. Directors are prohibited from dealing in the Company's securities during the period when the trading window is closed. They should not enter into insider trading and are expected to comply with the Company's code for securities dealing as well as with the concerned provisions of the Insider Trading Laws and Regulations.
- 4.3 During the term of Appointment, (a) Independent Director will neither enter into any agreement for himself/herself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the shares of the Company; and (b) Independent Director will not enter into any such agreement referred to in (a) above without obtaining the prior approval from the Board of Directors as well as public shareholders of the Company.



5. Evaluation Process:

The performance of individual directors shall be evaluated by the entire Board, excluding the director being evaluated, on an annual basis.

6. Remuneration:

In consideration of the Independent Directors' services, the Company will pay fees as under:

- (i) Sitting fee shall be payable attending each meeting of the Board or any committee thereof or any other meeting of Directors;
- (ii) Commission at the end of a financial year based on time committed for operational matters as and when decided by Board subject to approval of shareholder of the Company.
- (iii) Further the Company may pay or reimburse to the Director such expenditure, as incurred by them while performing their role as Independent Director.

7. Expenses:

In addition to the remuneration stated in the preceding paragraph, the Company will reimburse Independent Director, or bear and pay, all travel, accommodation or other expenses incurred as a result of him/her carrying out his/her duties as a director. The Independent Director may, at the Company's expense, seek independent legal or other professional advice where necessary to perform his/her duties and will be entitled to reimbursement of costs incurred in seeking such advice. In these circumstances, Independent Director should discuss the issues concerned with the Chairman of the Company in advance.

Disclosures, Other Directorships and Business Interests

During the Term, they agree to promptly notify the Company of any change in their directorships and provide such other disclosures and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company, they shall promptly disclose the same to the Chairman and the Company Secretary. During their Term, they agree to promptly provide a declaration under Section 149(7) of the Act, upon any change in circumstances which may affect their status as an Independent Director.

8. Resignation

The Independent Directors may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by them in the notice, whichever is later.

Their directorship on the Board of the Company shall cease in accordance with law. The Company may disengage Independent Directors prior to completion of Term (subject to compliance of relevant provisions of the Act) upon the director failing to meet the criteria for independence as envisaged in Section 149(6) of the Act.



9. Confidentiality:

The Independent Director agrees that both during and after the term of Appointment, Independent Directors will not use for his/her own, or for another's benefit, or disclose or permit the disclosure of any confidential information relating to the Company, subsidiary or any group or associate companies of the Company, which he/she may acquire by virtue of his/her position as an independent director, including without limitation, any information about the deliberations of the Board. The restriction shall cease to apply to any confidential information which may (other than by reason of the director's breach of this term), become available to the public generally.

10. Indemnity:

The directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their office, to the extent permitted by law.

11. Governing Law:

The Appointment and the terms are governed by the laws of India.

12. Relationship:

- 12.1 The appointment constitutes neither a contract for services nor a service contract.
- 12.2 There will be no relationship of employer and employee as a consequence of appointment as a director of the Company.

13. Authority:

The letter of appointment will be issued under the authority of the Board/NRC.

14. Termination:

Appointment as an Independent director may be terminated by either party by giving at-least 30 days prior days notice.

Appointment as an Independent Director shall be terminated immediately in the following cases:

- i. They are appointed to the Board of Directors of any other competitor of the Company in any jurisdiction without prior consent of board of directors.
- ii. They incur any disqualification specified under Section 164 of the Act, or any other provisions contained therein, or by virtue of an order of the Court/Tribunal of competent jurisdictions in any proceeding unless an appeal is preferred by them against the order of the Court/Tribunal.
- iii. They breach the terms & conditions on which they are appointed.